

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 SP-02 USIA-06 AID-05 EB-07
NSC-05 EPG-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01
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FM AMEMBASSY LONDON
TO SECSTATE WASHDC 5537
INFO AMEMBASSY BONN
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY BRUSSELS
USMISSION GENEVA

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USOECD ALSO EMBASSY

USMTN ALSO MISSION

USEEC

E.O. 11652: N/A
TAGS: ETRD, EIND, UK, US
SUBJECT: HONEYWELL UK OBJECTS TO BUY BRITISH POLICY

1. HONEYWELL INFORMATION SYSTEMS, THE UK AFFILIATE
OF HONEYWELL US, HAS PUBLICLY ATTACKED THE BUY BRITISH
PROCUREMENT POLICY RECENTLY RECOMMENDED BY NATIONAL
ECONOMIC DEVELOPMENT COUNCIL'S WORKING PARTY ON COM-
PUTERS. HONEYWELL UK HAD A REPRESENTATIVE ON THE
WORKING PARTY BUT HELD A PRESS CONFERENCE TO PUBLICLY
DISSOCIATE THE COMPANY FROM THE FOLLOWING WORKING
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PARTY RECOMMENDATIONS, WHICH WILL BE MADE TO THE
MINISTER OF INDUSTRY:

(A) RECOMMEND THAT THE UK SHOULD EXTEND THROUGH 1980
ITS POLICY OF ALLOWING ONLY INTERNATIONAL COMPUTERS LTD
(ICL) TO TENDER ON COMPUTERS PURCHASED BY THE CENTRAL
GOVERNMENT.

(B) RECOMMEND THAT EXCLUSIVE ICL TENDERING RIGHTS BE EXTENDED TO INCLUDE NATIONALIZED INDUSTRIES AND LOCAL GOVERNMENT ENTITIES.

(C) RECOMMEND THAT THE GOVERNMENT PROCUREMENT POLICY BE EXTENDED TO INCLUDE MINI-COMPUTERS.

2. ICL IS NOW THE LEADING UK COMPUTER MANUFACTURER, WITH APPROXIMATELY 35 PERCENT OF THE COMBINED HARDWARE/SOFTWARE BRITISH MARKET. IT HAS REACHED THIS MARKET POSITION, WHICH NOW EXCEEDS IBM, BY VIRTUE OF THE UK GOVERNMENT'S PREFERENTIAL PURCHASING POLICY. THE UK'S NATIONAL ENTERPRISE BOARD HOLDS MINORITY OWNERSHIP IN ICL AND HAS PROVIDED DEVELOPMENT CAPITAL TO ASSIST IN BUILDING UP THE COMPANY TO A POSITION OF STRENGTH CAPABLE OF COMPETING WITH MAJOR FOREIGN COMPUTER COMPANIES. TO EMBASSY'S KNOWLEDGE, THIS IS THE ONLY CASE IN WHICH A UK GOVERNMENT PREFERENTIAL PROCUREMENT POLICY IS BASED ON THE OWNERSHIP OF THE FIRM IN QUESTION, RATHER THAN THE COUNTRY OF MANUFACTURE.

3. WE UNDERSTAND THAT OTHER US COMPUTER FIRMS OPERATING IN THE UK MARKET - IBM, NCR, AND BURROWS - ALSO PLAN TO COMMUNICATE THEIR OBJECTIONS ON THE WORKING PARTY'S RECOMMENDATIONS TO THE MINISTER OF INDUSTRY, LIMITED OFFICIAL USE

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ERIC VARLEY. INDUSTRY SOURCES HERE THINK IT IS VERY LIKELY THAT VARLEY WILL EXTEND THE GOVERNMENT'S PREFERENTIAL PROCUREMENT POLICY ON COMPUTERS THROUGH 1980, BUT THAT THERE IS ONLY A 50-50 CHANCE THAT HE WILL EXTEND THE POLICY TO COVER LOCAL GOVERNMENTS/NATIONALIZED INDUSTRIES AND THE MINI-COMPUTER FIELD.

BREWSTER

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Message Attributes

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Decaption Date: 01-Jan-1960 12:00:00 am
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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Disposition Remarks:
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